

25 AUG 1964

MEMORANDUM FOR: Acting Deputy Director for Support

SUBJECT : Current Interest Items

1. Early Retirement Bill

This continues to be our biggest and most urgent job. The Director met with Bill Darden, staff officer for the Senate Armed Services Committee on Tuesday. Mr. Darden still seemed concerned about "tightening up" on the bill. We met on Wednesday and Thursday with the Legislative Counsel and representatives of the Directorates concerned to review the points which seem of principal concern to the Committee staff and to arrive at an understanding of the "last ditch" positions we might take on them. On Friday, we joined the Legislative Counsel in a long meeting with Mr. Braswell to review an unofficial Committee print of the bill as Mr. Braswell had revised it.

While our main objective now is to get a bill passed, we are still trying to get the best bill we can. General Carter has agreed to meet with Mr. Braswell on Tuesday, 25 August, to review the changes made in the Committee print from HR 8427 as passed by the House and to gain agreement if possible on the following points:

a. Restore some provision for discontinued service benefits; this entire section had been deleted leaving provisions only for voluntary, mandatory age, or disability retirement. We have drafted a proposed new section which we believe overcomes Mr. Braswell's principal objections.

b. Restore a provision on compensation of an annuitant reemployed elsewhere in the Federal government which permits him to retain salary and annuity up to the amount of his salary at time of retirement. (Under Civil Service, the annuity is offset against salary and this is the way our bill reads with Mr. Braswell's changes.) We believe this is an important benefit and that we have good arguments for having it in the bill.

(These two provisions are in our view those we should fight hardest for. The remainder, listed below, are of lesser significance.)

c. Widow's Benefits: The Committee print has omitted a special provision under death benefits which allows a widow to receive an annuity computed as if her husband had 20 years of service when he dies with less than 20 years of service. Also, the survivor annuity to the widow of a disability annuitant is based on his actual annuity rather than his earned annuity if his annuity is computed under the guaranteed minimum (40% of high-5 generally) clause; under Civil Service, the widow's annuity in this case is based on the earned annuity instead. We believe these benefits will be significant in only a few cases but they can be important morale factors in the whole service covered by the CIA retirement system.

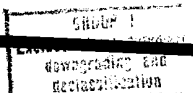
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d. The House inserted a requirement that our rules and regulations must be approved by the chairmen and ranking minority members of the House and Senate Armed Services Committees. This raises Constitutional questions and BOB has already expressed serious opposition to it. We are seeking to change the language from "approval of" to "consultation with."

A number of other minor changes have been made which are either technical in nature or of too little importance to argue about at this time.

We have prepared the necessary changes in the Committee print to conform it to the changes we are seeking. In any event, Mr. Braswell will be able to present a "clean bill" to Senator Russell when Congress reconvenes next week.

Mr. Braswell has indicated to us that he has been in touch with Mr. Blandford of the House Armed Services Committee staff and has assured us that there will be no complications on that side as a result of the changes being made.

2. Combined Federal Campaign

The Consolidated Charities Committee met on 20 August to review our general plans for the fund drive and specifically to approve a suggested announcement of the campaign to be signed by the Acting Director. We are working out the allocation of the quota within the Agency and updating our Agency giving guide:

CFC pledge forms are being numbered and overprinted by Logistics. The final design of a payroll deduction form suited to Agency needs has been approved and will go to the printer next week. The literature supplied by CFC headquarters has been delayed but we have been assured that adequate quantities will be available before the drive.

A combined FEAS-EAF brochure is being drafted and will be submitted to Key Officers of these two organizations for approval.

3. Hospitalization Rates

The Civil Service Commission has announced that twenty of the 36 plans participating in the Federal Employees Health Benefits Program will increase premium rates for the fifth contract period which begins 1 November 1964. The Commission also announced that an unlimited open season will be scheduled for February 1-15, 1965, during which eligible unenrolled employees may enroll in a plan and enrolled employees and annuitants may change plans, options, or type of enrollment from self only to self and family. This will be the first unlimited open season since October 1961 for annuitants enrolled in the active Federal Employees Health Benefits Program. In general, the premium increases are in the high options of the plans which provide greater benefits at a higher cost.

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As indicated in previous reports, our GEHA Association Benefit Plan is also increasing premium rates. The increase will reflect an adjustment required by the underwriter because of an adverse claims/premium ratio and the rising cost of medical care, a 1% administrative allowance which will be used to defray some of the costs in administering the hospitalization plan, and an improvement in benefits. The following table compares the GEHA cost to employees with rates charged by Blue Cross and AETNA, two Government-wide plans:

<u>Plan</u>	<u>High Option</u> <u>Bi-Weekly Cost to Employees</u>		
	<u>Present</u>	<u>Eff. 1 Nov.</u>	<u>Increase</u>
Government-wide Service (Blue Cross)			
Self & Family	5.82	7.88	2.06
Self Only	2.11	2.92	.81
Government-wide Indemnity (AETNA)			
Self & Family	5.64	7.73	2.09
Self Only	1.82	2.84	1.02
GEHA-Association Benefit Plan			
Self & Family	4.02	5.37	1.35
Self Only	1.30	1.75	.45

It should be noted that even with the necessary increase, the new GEHA rates are still lower than the present rates for Blue Cross and AETNA and that the new rates for those plans widen the gap even more.

4. Secretary for Mr. Dulles

We have learned informally from [REDACTED] that her interview with Mr. Dulles was inconclusive; they were unable to come to an agreement on salary or working hours. However, Mr. Dulles indicated to [REDACTED] that he would be in touch with her again when he returned from a short trip he is taking.

/s/ Emmett D. Echols

Emmett D. Echols
Director of Personnel

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OD/Pers/ [REDACTED] (24 August 1964)